

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 236 – SB 247**

March 4, 2021

**SUMMARY OF BILL:** Authorizes contracting entities to charge an additional \$1.00 fee per driver license issued, if the Department of Safety (DOS) is notified. Requires DOS to distribute to contracting entities \$3.00 per each REAL ID compliant driver license issued to be used by the entity for administrative costs from July 1, 2021 to June 30, 2022.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$365,100/FY21-22/Driver Services**

**Increase Local Revenue - \$479,300/FY21-22**

**\$214,700/FY21-22 and Subsequent Years/Permissive**

**Assumptions:**

- Pursuant to Tenn. Code Ann. § 55-50-331(a), DOS is authorized to contract for the provision of any service related to the issuance, examination and renewal of driver licenses subject to applicable contracting statutes and regulations.
- Currently, these contracting entities consist of forty-five county clerk offices, three cities or towns, and one AAA Auto Club.
- In 2018, DOS contracted entities processed 16.52 percent (or 219,176) of the eligible transactions of driver license duplicates and renewals.
- It is expected that figure will remain relatively consistent.
- Assuming all contracting entities process an equal total of licenses, each entity issues 4,473 licenses (219,176 licenses / 49 contracting entities) each fiscal year.
- All but one contracting entity is local government.
- It is assumed that all contracting entities will choose to charge the additional \$1.00 fee.
- The recurring permissive increase in local revenue in FY21-22 and subsequent years is \$214,704 [(\$1 x 4,473) x 48].
- In FY19-20, contracting entities processed 91,286 REAL ID licenses. Due to COVID-19 closures, this figure represents approximately 75 percent of expected processes in a full year, or 121,715 (91,286 / 75%).
- The one-time increase in state expenditures to Driver Services in FY21-22 is estimated to be \$365,145 (121,715 x \$3). There will also be a corresponding increase in local revenue of the same amount in FY21-22.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

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